

MASSACHUSETTS
Public Employee Retirement Administration Commission
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M E M O R A N D U M

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Guidance on Retirement System Audits Performed by Certified Public Accounting Firms

DATE: December 6, 1999

The following sets forth the protocol for Retirement Systems that elect to have audits performed by Certified Public Accounting firms in place of the tri-annual audits performed by the Public Employee Retirement Administration Commission.

The selection of the vendor by the board must be made through a procurement process. The Retirement System must issue an RFP and advertise to obtain services to perform a financial and managerial audit of retirement system (included in the RFP should be the requirements of PERAC listed below including the Internal Control Questionnaire). The contractual relationship must exist between the retirement board and the CPA firm.

1. Written notification is made to PERAC stating the name of the vendor, the period to be covered by the audit and the expected completion date of the audit.
2. PERAC sends copy of previous audit to the vendor and if necessary, the vendor may request a meeting with PERAC to discuss any issues relating to the audit.
3. Once the vendor has completed the audit and has presented the audit to the retirement system, the vendor submits to PERAC a copy of the completed Internal Control Questionnaire and the written audit report which will include financial statements of the system for each of the years audited as well as an opinion related to responses to internal control questionnaire.

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4. PERAC reviews the audit report and audit workpapers to determine whether any additional audit work must be performed by PERAC audit staff in order to insure that audit is completed in conformance with the requirements of c. 32.
5. PERAC notifies the retirement board that the audit is accepted.

Enclosed is a copy of the Internal Control Questionnaire that is referenced above. PERAC will maintain the latest version on our website at www.state.ma.us/PERAC. If you have any further questions regarding this matter, do not hesitate to contact me.